

UNITED STATES BANKRUPTCY COURT
DISTRICT OF NEVADA (LAS VEGAS)

IN RE: . Case No. 23-10423-mkn
CASH CLOUD, INC., . Chapter 11
Debtor. . 300 Las Vegas Blvd. South
Las Vegas, NV 89101
Wednesday, April 26, 2023
10:32 a.m.

TRANSCRIPT OF OST RE: MOTION FOR APPROVAL OF PROCEDURES
DEBTOR'S MOTION FOR ENTRY OF AN ORDER: (A) APPROVING AUCTION
AND BIDDING PROCEDURES FOR POTENTIAL PLAN SPONSORS OR THE
PURCHASE OF SUBSTANTIALLY ALL OF THE DEBTOR'S ASSETS;
(B) APPROVING FORM NOTICE TO BE PROVIDED TO INTERESTED PARTIES;
AND (C) SCHEDULING A HEARING TO CONSIDER APPROVAL OF THE
HIGHEST AND BEST TRANSACTION, CURE OBJECTIONS, AND CONFIRMATION
OF THE PROPOSED TOGGLE PLAN WITH PROPOSED ORDER FILED BY
BRETT A. AXELROD ON BEHALF OF CASH CLOUD, INC. [392]
BEFORE THE HONORABLE MIKE K. NAKAGAWA
UNITED STATES BANKRUPTCY COURT JUDGE

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1 (Proceedings commence at 10:32 a.m.)

2 THE COURT: There's one matter on the 10:30 calendar,
3 and that's in Cash Cloud, Inc. May have appearances for the
4 record?

5 MS. AXELROD: Good morning, Your Honor. Brett
6 Axelrod, Fox Rothschild for the debtor.

7 THE COURT: Okay.

8 MR. WORKS: Good morning, Your Honor. This is Ryan
9 Works at McDonald Carano, appearing as Nevada counsel for the
10 Official Committee of Unsecured Creditors.

11 THE COURT: All right. Thank you.

12 MR. DAY: Good morning, Your Honor.

13 MR. SHEA: Good morning, Your Honor. This is Patrick
14 Shea of Shea Larsen, appearing as Nevada counsel for Enigma
15 Securities. With me on the line today is Andrew Kissner of
16 Morrison Foerster.

17 THE COURT: Okay, thank you.

18 MR. DAY: Good morning, Your Honor. Jared Day,
19 appearing for the United States Trustee.

20 THE COURT: Okay.

21 MR. GUSO: Your Honor --

22 MS. LOTEMPPIO: Good morning, Your Honor. This is --
23 oh, go ahead.

24 MR. GUSO: Good morning, Your Honor. This is Jordi
25 Guso of Berger Singerman on behalf of CKDL Credit, LLC, the



1 debtor-in-possession lender.

2 THE COURT: Okay. Thank you.

3 MS. LOTEMPPIO: Good morning. This is Catherine
4 LoTempio of Seward and Kissel on behalf of the official
5 committee, and I'm joined by my colleague, Andrew Matott.

6 THE COURT: Okay.

7 MS. LARSON: Good morning, Your Honor. This is Shara
8 Larson, Bar Number 7786. I'm appearing on behalf of
9 RockItCoin, LLC, the designated stalking horse bidder, as local
10 counsel.

11 THE COURT: All right. Thank you.

12 MS. LARSON: And Ryan Schultz should also be on the
13 phone. He's our out-of-state counsel.

14 THE COURT: All right. Thank you.

15 MR. SCHULTZ: Good morning, Your Honor. Ryan Schultz
16 on behalf of RockItCoin, the designated stalking horse bidder.

17 THE COURT: Okay. Any other appearances in the Cash
18 Cloud matter?

19 All right. Ms. Axelrod?

20 MS. AXELROD: Thank you, Your Honor. Brett Axelrod.
21 The debtors worked very closely with its consultation parties,
22 which included the Unsecured Creditors' Committee, Enigma, and
23 Genesis, to come up with the stalking horse bid, which we filed
24 that designation last night, which is Docket 473.

25 As the Court, you know, is aware, we have entered



1 into debtor-in-possession financing that had, and continues to
2 have, a very strict timeline for the debtors to either file a
3 plan or a motion to seek approval of bidding procedures for
4 sale of the debtors assets no later than April 28th, 2023; and
5 additionally requires the debtor to obtain an order confirming
6 a plan by no later than June 28th, 2023. Through this process,
7 we've received and contacted over 48 potential interested
8 parties, with 15 signing nondisclosure agreements. And then we
9 received bids from five people, Your Honor, of which -- of
10 course, we shared with the consultation parties, and then
11 RockItCoin was ultimately selected.

12 And so at this juncture, Your Honor, we are looking
13 to set in motion the auction that will provide for the exit
14 from this bankruptcy, which includes the rights to overbid. We
15 want to provide RockItCoin with their requested stalking horse
16 protections of the 3 percent of the cash component of their bid
17 and with their out-of-pocket due diligence -- since this is a
18 sale proposal, Your Honor -- for up to \$150,000.

19 It is contemplated that RockItCoin and the debtors
20 will have APA by the 5th of May, and will be able to meet its
21 promised deadline of May 8th to file what is being referred to
22 as a "toggle plan", which will either result in a sale of
23 substantially all the assets through the 363 sale process, but
24 it also affords that if there is an overbid that wants to take
25 these assets pursuant to a plan that is not being cut off, but



1 instead, any prospective bidders can still put that in for the
2 May 19, 2023 deadline -- if the debtor attains qualified bids
3 as defined in the bid procedure motion, then we will be seeking
4 to hold an auction on May 23rd, 2023. And we're looking for
5 the transaction election deadline of June 5th of 2023.

6 The debtor is also, after the, you know, auction or
7 transact -- you know, the transaction, will be sending out cure
8 notices. We need to, of course, you know, have the parties
9 identify all of the leases and contracts that they are wanting
10 to elect to take.

11 And I'm sure Your Honor's reviewed the designation of
12 the stalking horse bid, that there is still some work to be
13 done before the leading bidder is able to definitively select
14 which contracts and leases it is interested in.

15 THE COURT: Okay.

16 MS. AXELROD: And unless the Court has any questions
17 for me, we would ask the Court to approve the motion.

18 THE COURT: Okay. And Ms. Axelrod, it's your
19 anticipation that the plan, which I guess has been labeled as a
20 "toggle plan" of sorts, as well as a disclosure statement that
21 would be filed two days from now. Is that right?

22 MS. AXELROD: We have received an extension to file
23 that on May 8th from the DIP lender, Your Honor.

24 THE COURT: Okay.

25 MS. AXELROD: And we intend to meet that date.



1 THE COURT: I see. All right. And then with that
2 date being met, are you still sticking with a -- the same
3 objection deadline with respect to approval of the disclosure
4 statement or the plan, or are those deadlines going to change?

5 MS. AXELROD: I believe that we should give the
6 part -- you know, with the May 8th deadline, we can give the
7 parties the extra time, Your Honor.

8 THE COURT: I see. All right. So you're going --
9 you're not asking to shorten time for which there would be a
10 deadline to object to a disclosure statement and plan. Is that
11 right?

12 MS. AXELROD: That is correct, Your Honor. We're
13 looking to make sure that we could, you know, meet our
14 confirmation deadline of June 28th of 2023.

15 THE COURT: I see. Okay. All right. And then that
16 won't shift any other deadlines, at least that you're aware of.
17 Is that correct?

18 MS. AXELROD: That's correct, Your Honor.

19 THE COURT: Okay. All right. I've had the chance to
20 look over the -- I guess, the notice of designation of stalking
21 horse bidder with respect to -- I believe it's RockItCoin,
22 represented by counsel at today's hearing; that I've also
23 reviewed the motion itself, obviously; and I look forward to
24 looking at the proposed toggle plan, if you will. So I -- that
25 will come in shortly.



1 Let me hear from the creditors' committee at this
2 point. Ms. LoTempio or Mr. Matott or Mr. Works, which one of
3 you want to address this?

4 MS. LOTEMPPIO: Yes. Hi, Your Honor. This is, for
5 the record, Catherine LoTempio --

6 THE COURT: Okay.

7 MS. LOTEMPPIO: -- from Seward and Kissel on behalf of
8 the official committee.

9 THE COURT: All right.

10 MS. LOTEMPPIO: And yes, we just echo Ms. Axelrod's
11 comments. As she indicated, the Committee has worked closely
12 with the debtors in order to craft this process in which we
13 believe it will set the debtors up for receiving the highest
14 and best offer for the debtors' assets, whether that's through
15 a 363 plan or our sale or a reorganization plan.

16 And as Ms. Axelrod indicated, we have worked closely,
17 again with the debtor, in designating the stalking horse
18 bidder. And we continue to look forward to working with the
19 debtors as the process continues and hopefully confirm a value-
20 maximizing sale that's fully supported by the parties. And we
21 fully support the relief requested by the debtors today. Thank
22 you.

23 THE COURT: Okay. All right. Thank you.

24 Let me hear from counsel for Enigma.

25 MR. KISSNER: Good morning, Your Honor. This is



1 Andrew Kissner of Morrison & Foerster on behalf of Enigma
2 securities. We were involved in the process and are looking
3 forward to, hopefully, improvement on this bid at an auction so
4 that we can maximize value for the estate. But until then, all
5 rights are reserved. Thank you.

6 THE COURT: Okay. Thank you.

7 Let me hear from counsel for CKDL.

8 MR. GUSO: Yes, sir. Good morning, Your Honor.

9 Jordi Gusó, again, on behalf of the DIP lender. Your Honor, we
10 have no objection to the motion. I would simply like to
11 reserve rights with respect to the deadline to file a plan.

12 Your Honor, I don't doubt for a second what
13 Ms. Axelrod has told your Honor.

14 THE COURT: Okay.

15 MR. GUSO: I know that the principals have had
16 communications directly. The extension of the plan -- news of
17 the extension of the plan deadline didn't make its way to my
18 desk. I would just simply like to confirm that with our client
19 representative, Your Honor. I don't -- I suspect it won't be
20 an issue, but I did want to let the Court and Ms. Axelrod know
21 that I had not been apprised of the extension.

22 THE COURT: Okay. Thank you.

23 All right. Then let me hear --

24 MR. GUSO: Thank you, Your Honor.

25 THE COURT: -- from counsel for RockItCoin. You're



1 in it now. Do you have anything to add?

2 MR. SCHULTZ: Ryan Schultz for RockItCoin. No, Your
3 Honor, just that we support the process and look forward to
4 participating with all these folks in it.

5 THE COURT: Okay. All right. Thank you.

6 And then finally, Mr. Day, on behalf of the U.S.
7 Trustee's office?

8 MR. DAY: Thank you, Your Honor. Jared Day for the
9 U.S. Trustee. The U.S. Trustee has reviewed the motion. We do
10 not have an opposition, and we don't have any comments at this
11 time either. I am just observing today.

12 THE COURT: Okay. Thank you.

13 All right. The Court has reviewed basically all six
14 of the elements of the motion is before the Court as Docket
15 Number 392. The Court has also reviewed the supporting
16 declarations of Mr. McAlary as Docket Number 393, the
17 declaration of Mr. Moses as Docket Number 394. The Court has
18 considered the timelines involved in the case. I've heard the
19 comments and input from the various constituencies involved in
20 the matter. It appears that the request, and possibly a
21 modification of the deadline for filing the plan, is not
22 objectionable at this point in time.

23 I would simply ask -- assuming that the Court
24 approves the motion on this basis, which I will direct
25 Ms. Axelrod to prepare the appropriate order -- do any counsel



1 appearing of record today wish to review and sign off on the
2 order? If so, please say so now.

3 Okay. Ms. Axelrod, apparently, the -- there's no
4 express request to review the order. However, I'll direct you
5 to prepare the order and circulate it as appropriate and then
6 submit it to the Court forthwith.

7 I take it that, in light of the Court's ruling, you
8 want this order signed as soon as possible. Is that fair to
9 say?

10 MS. AXELROD: Brett Axelrod. Yes. To meet our
11 requirements, we need to have it signed before the 28th.

12 THE COURT: Okay.

13 MS. AXELROD: So we will upload it immediately.

14 THE COURT: All right. Well, that being understood,
15 please notify Ms. Shim, my courtroom deputy, whenever it is
16 presented to the Court. And then she'll track me down, and I'm
17 sure wrestle me to make sure I sign it.

18 So in any event, is there anything else, Counsel?

19 MS. AXELROD: No, Your Honor. Thank you so much for
20 your time.

21 THE COURT: Okay. All right. Thank you, counsel.
22 That concludes the 1030 calendar. Court is in recess until
23 130.

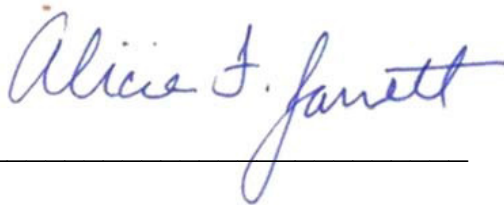
24 (Proceedings concluded at 10:45 a.m.)

25 * * * * *



C E R T I F I C A T I O N

I, Alicia Jarrett, court-approved transcriber, hereby
certify that the foregoing is a correct transcript from the
official electronic sound recording of the proceedings in the
above-entitled matter.



ALICIA JARRETT, AAERT NO. 428

DATE: August 2, 2023

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